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STATE ASSESSEE

NEWSLETTER

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INFORMATION ON PROPERTY TAX REPORTING 2007

To keep the Board of Equalization's stakeholders informed of new and important information that might affect them, the Valuation Division issues this newsletter. The newsletter contains information and dates regarding the 2007 valuation process.

The State Board of Equalization (Board) is responsible for assessing property owned or used by certain public utilities and other specified companies operating in California, enabling counties to use those values to collect local property taxes. Property values on the state-assessed roll are allocated by the Board to the counties where the properties are located. Each county collects taxes based upon the allocated values. The taxes are levied at the same rate that is applied to locally assessed property.

The Board's Valuation Division is responsible for annually transmitting value recommendations to the Board. To that end, staff prepares unitary value indicators and fair market value recommendations for each state assessee. These indicators and recommendations, which are developed annually from information provided by state assessesseees, are used by the elected Board to determine the fair market value of the assesseees' unitary property.

We look forward to working with each of you this upcoming valuation season. If you have any questions, please contact us at 916-322-2323.

Stanley Y. Siu, Chief
Valuation Division

**KEY DATES TO REMEMBER IN 2007**

January 1	Lien date for all state-assessed property
January 2	Property statement forms mailed to state assesses
January 16	Last day to request placement on the February 1 agenda to make presentations to the Board on capitalization rates and other factors affecting 2007-08 valuation of state-assessed properties
February 1	Board will hear state assesses' presentations on capitalization rates and other factors affecting the 2007-08 valuation of state-assessed properties
March 1	Last day to file Property Statements without penalty
April 10	Last day to request placement on the April 24 agenda to make presentations to the Board on factors affecting 2007-08 valuation of state-assessed properties
April 24	Board will hear state assesses' presentation on the 2007-08 valuation of state-assessed properties
May	Staff discusses value indicators and supporting data with state assesses
On or before May 31	Board sets unitary values for all state assesses
On or before June 1	Staff mails notice of unitary value to state assesses
On or before June 15	Staff mails notice of allocated assessed values and proposed assessed values of nonunitary property to state assesses
On or before July 15	Staff transmits estimates of total assessed value (Preliminary Board Roll) to County Auditors
July 20	Last day to file a petition for unitary value reassessment and/or a petition for correction of allocated assessment
On or before July 31	The Board adopts and staff transmits Board Roll of State-Assessed Property to County Auditors
September 20	Last day to file a petition for nonunitary property reassessment
December 31	Final day for Board decisions on 2007 petitions for unitary and nonunitary property reassessment and petition for correction of allocated assessment.

New Legislation

Assembly Bill 2670

AB 2670 has been enacted and will simplify the tangible property list (TPL) reporting requirements for railroad companies beginning with the 2007 lien date. In the past, railroads were required to report track mileage by class of track for each specific tax rate area. Revenue and Taxation Code section 100.1 has been amended so that railroad companies need only report total miles of track in each county, regardless of whether that track is classified as main line, branch track, or other. Form BOE-869-RR, **Tangible Property List – Track**, has been revised to reflect the change in the law. If you have any questions regarding track mileage reporting, contact Ken Thompson at 916-323-6941.

Additionally, for qualified facilities built after January 1, 2007, by a railroad company, it provides that 20% of the value would be allocated to the specific tax rate area where the facility is located. Since the definition of qualified property relates to property placed into service after the 2007 lien date, this specific change is not applicable to the lien date 2007 reporting. However, additional reporting requirements for qualified property will be issued for lien date 2008 and subsequent lien dates.

Senate Bill 1317

SB 1317 has been enacted and will affect the allocation of property taxes on qualified property of electric public utilities. Since the definition of qualified property relates to property placed into service after the 2007 lien date, no changes in reporting electric utility property are necessary for the 2007 lien date. For lien date 2008 and subsequent lien dates, additional reporting requirements for qualified property will be issued in order to implement the special allocation requirements of Revenue and Taxation Code section 100.95.



Electronic Filing

All Valuation Division property statement forms and instructions are available on the Internet. Property Statement forms may be completed online and printed for mailing to the Board.

Access the Board of Equalization Internet site at www.boe.ca.gov. See page 5 for specific directions to the Internet site.

Portions of the property statement that may be filed electronically are detailed below.

DOLLAR-AGE DETAIL REPORT – PIPELINE COMPANIES

Pipeline companies are required to file Dollar-Age Detail Reports. These reports may be filed electronically using a prescribed format and acceptable software. In order to receive a copy of the electronic file format, software specifications or other information, contact Ms. Brandi Blasi at 916-324-2747 or by e-mail at Brandi.Blas@boe.ca.gov.

SCHEDULE B-1 – GAS AND ELECTRIC COMPANIES

Gas and Electric companies are required to file Schedule B-1. The B-1 may be filed electronically. In order to receive a copy of the electronic file format, software specifications or other information, contact Mr. Sang Le at 916-324-2753 or by e-mail at Sang.Le@boe.ca.gov.

SCHEDULE OF COST DETAIL OF DEPRECIABLE PROPERTY

Short-Line railroad companies are required to file a Schedule of Cost Detail of Depreciable Property. The schedule may be filed electronically. In order to receive a copy of the electronic file format, software specifications or other information, contact Ms. Brandi Blasi at 916-324-2747 or by e-mail at Brandi.Blas@boe.ca.gov.

TANGIBLE PROPERTY LIST (TPL) DATA

A compact disc (or 3.5-inch diskette) should be used to file an electronic TPL. In order to facilitate an acceptable electronic filing, please request the required electronic TPL template. To obtain the template and instructions, contact Mr. Jim Santillan by telephone at 916-324-2790 or by e-mail at Jim.Santillan@boe.ca.gov.

WIRELESS COMMUNICATION SITES – FORM BOE-516

Wireless telecommunication companies are required to file Form BOE-516. The form may be filed electronically. In order to receive a copy of the electronic file format, software specifications or other information, contact Mr. Kurt Beck at 916-324-2702 or by e-mail at Kurt.Beck@boe.ca.gov.



Reminder

CLAIMED OBSOLESCENCE

Assesseees should report separately, and in sufficient detail, supporting data for any write-downs of cost, extraordinary damage or obsolescence, or any other information that may assist the Board in estimating the fair market value of assessable property.

EXEMPT SOFTWARE

Computer programs other than basic operational programs are not subject to property tax (Revenue and Taxation Code sections 995 and 995.2). All software programs except “basic operational programs” may be referred to as “exempt software programs” or “nontaxable programs.” It is the assessee’s responsibility to identify and remove all exempt software program costs from taxable accounts and report these costs separately to the Board on the Schedule B and Summary Control portions of the Property Statement.

For questions concerning the identification of exempt software, please refer to Board Rule 152 or contact the Valuation Division.

LEASED PROPERTY

Pursuant to Revenue and Taxation Code section 826, all property owned, claimed, possessed, used, controlled or managed by a state assessee shall be reported on the property statement. This includes property leased from other state assesseees, leasing companies, financial institutions, equipment vendors or governmental agencies. Property that is specific to the business normally conducted by the state assessee may be assessed to the assessee even if the lease contract obligates the lessor to pay the property tax.

STATEMENT OF AUTHORIZATION

If a state assessee wishes to designate a representative during the period January 1, 2007 through December 31, 2007, a *Statement of Authorization*, Form BOE-892, must be filed. This form must be filed annually in order for the representative’s status to remain current.

The *Statement of Authorization* is intended to guard against unauthorized access to confidential taxpayer information.

STATEMENT OF LAND CHANGES

State assesseees must report all land (other than land associated with intercounty pipelines) that is owned or used (leased) on Form BOE-551, Statement of Land Changes (SLC). Specifically, all lands that have been acquired or disposed of (including partial sales or leases) since the prior lien date must be reported on this form. ***When land, rights of way, or easements are reported on the Property Statement form BOE-517, Schedule B in the additions or retirements column a SLC must be filed with the Valuation Division.***

TELEPHONE NUMBER FOR TELECOMMUNICATION INQUIRIES

Due to the volume of telephone calls received regarding the telecommunications industry, the Valuation Division has established a “hot line” for inquiries related to the telecommunications industry. The number is 916-327-5029. However, if your inquiry is not related to the telecommunications industry the Division’s main line, 916-322-2323, has not changed.



EXTENSIONS

Requests for an extension to file all or part of the property statement will be granted ***only for good cause***. Voluntary special studies are considered part of the property statement.

A request for extension must be filed on form BOE-517-EXT, and must include all pertinent information and be signed by an owner, partner, officer or authorized representative. Extension requests must be filed on or before March 1, 2007. Faxed requests should be sent to 916-324-2787. If a request is faxed, an original must follow in the regular mail.

An extension is not automatically granted.

The assessee will be notified by mail whether the extension is granted or denied. If granted, the notice will state the extension date.

Penalties

Section 830 of the Revenue and Taxation Code provides the authority for the Board to impose penalties for failure to file a property statement, or failure to file a timely and/or complete property statement. The following is a summary of the provisions.

If any person who owns, claims, possesses, uses, controls or manages state-assessed property fails to file a property statement, in whole or in part, by March 1, or by that later date to which the filing period is extended, a penalty shall be added to the full value of the assessment.

AVAILABLE ON THE INTERNET

- 2006 Board-Adopted Unitary Values
- Calendar for the Assessment of Public Utilities
Updated Annually – January 2
- Capitalization Rate Study
Updated Annually – March
- Condition Percent Good Factors
Updated Annually – January
- Property Statement Reporting Forms
Updated Annually – January 2
- Property Statement Reporting Instructions
Updated Annually – January 2
- Reproduction Cost New (RCN) Factors
Updated Annually – February
- Recommendation for Assessment of State-Assessed Property - 2006
- *State Assessee Newsletter*
Updated Annually - December
- State Assessee – SBE No. Listing
- *State Assessment Manual*, March 2003
- *Unitary Valuation Methods*, March 2003
- Guidelines for Property Tax Appeals Division of Legal Review and Appeals Conference Process

INTERNET SITE DIRECTIONS

1. www.boe.ca.gov
2. Property Taxes
3. State-Assessed Properties Program



Key Personnel – Direct Access

To serve you better, we are providing below direct access to key personnel responsible for specific subjects or industries. If you have questions regarding completion of the property statement, please contact the appropriate individual.

SUBJECT	CONTACT	TELEPHONE NUMBER	E-MAIL ADDRESS
Electric Generation	Mr. Richard Reisinger	916-324-2969	Richard.Reisinger@boe.ca.gov
Fiber Optic Right of Way	Mr. Louie Chapman	916-324-0032	Louie.Chapman@boe.ca.gov
Gas and Electric	Mr. Sang Le	916-324-2753	Sang.Le@boe.ca.gov
Gas Transmission	Ms. Brandi Blasi	916-324-2747	Brandi.Blasi@boe.ca.gov
Pipeline	Ms. Brandi Blasi	916-324-2747	Brandi.Blasi@boe.ca.gov
Railcar Maintenance Facilities	Ms. Brandi Blasi	916-324-2747	Brandi.Blasi@boe.ca.gov
Railroad	Ms. Brandi Blasi	916-324-2747	Brandi.Blasi@boe.ca.gov
Real Property	Ms Adrienne Harris	916-323-0414	Adrienne.Harris@boe.ca.gov
Statement of Land Changes	Ms Adrienne Harris	916-323-0414	Adrienne.Harris@boe.ca.gov
Tangible Property List	Mr. Jim Santillan	916-324-2790	Jim.Santillan@boe.ca.gov
Telecommunications - General		916-327-5029	
Interexchange Telephone	Mr. Steven Hieb	916-324-2745	Steven.Hieb@boe.ca.gov
Local Telephone	Mr. Bing Caragay	916-324-2751	Vivencio.Caragay@boe.ca.gov
Wireless Telephone ¹	Mr. Kurt Beck	916-324-2702	Kurt.Beck@boe.ca.gov
All Other Questions		916-322-2323	
FAX		916-324-2787	
Internet Site			www.boe.ca.gov

¹Wireless Telephone includes Cellular, Personal Communication Service (PCS), and Radio Common Carrier providers.